

**Webster Parish Sales and Use Tax Commission  
Minden, Louisiana**

**Annual Financial Report  
For the Year Ended December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date \_\_\_\_\_

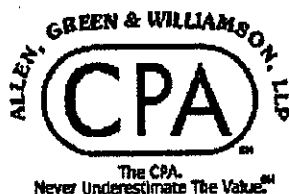
**JUL 11 2012**

**Webster Parish Sales and Use Tax Commission  
Minden, Louisiana**

**Annual Financial Report  
As of and for the Year Ended December 31, 2011**

**CONTENTS**

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1-2
REQUIRED SUPPLEMENTAL INFORMATION		3
Management's Discussion and Analysis (MD&A)		4-9
GOVERNMENT-WIDE FINANCIAL STATEMENTS		10
Statement of Net Assets	A	11
Statement of Activities	B	12
FUND FINANCIAL STATEMENTS		13
Governmental Funds Balance Sheet	C	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	15
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	E	16
Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities	F	17
General Fund – Budgetary Comparison Schedule	G	18
Fiduciary Fund – Statement of Fiduciary Assets and Liabilities	H	19
NOTES TO THE FINANCIAL STATEMENTS		
Index		20
Notes		21-36
REQUIRED SUPPLEMENTAL INFORMATION		37
Schedule of Funding Progress for Other Post Employment Benefits		38
OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		39-40
Schedule of Findings and Questioned Costs		41
OTHER INFORMATION		
Summary Schedule of Prior Year Audit Findings		42
Corrective Action Plan for Current Year Findings and Questioned Costs		43
Management Letter Items		44-45



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## Independent Auditors' Report

### Board Members

Webster Parish Sales and Use Tax Commission  
Minden, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Webster Parish Sales and Use Tax Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of December 31, 2011, and the respective changes in financial position and budgetary comparison schedule for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 7, 2012 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America required that the management's discussion and analysis and schedule of funding progress for other post employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying other information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
June 7, 2012

**REQUIRED SUPPLEMENTAL INFORMATION:**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

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**Webster Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2011**

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Our discussion and analysis of the Webster Parish Sales and Use Tax Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended December 31, 2011.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS** Our financial statements provide these insights into the results of this year's operations:

The assets of the Webster Parish Sales and Use Tax Commission exceeded its liabilities at the close of the most recent fiscal year by \$478,272 (net assets). Of this amount, \$467,441 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the unrestricted net assets of the Webster Parish Sales and Use Tax Commission were \$467,441 or 123% of total program expenses for the fiscal year.

The Webster Parish Sales and Use Tax Commission revenue received from charges for services for the year ended December 31, 2011 was \$412,568, this is a decrease of \$22,325 from the revenue received from charges for services of \$434,893 in 2010. This was mainly due to a decrease in sales tax collections. Although the collection fee was constant at 1.4%, sales tax collections decreased \$775,360 or 2.6% from 2010 to 2011.

The Webster Parish Sales and Use Tax Commission total expenses for the year ended December 31, 2011 was \$377,785, this is a decrease of \$39 from the expenses of \$377,824 in 2010.

**USING THIS ANNUAL REPORT**

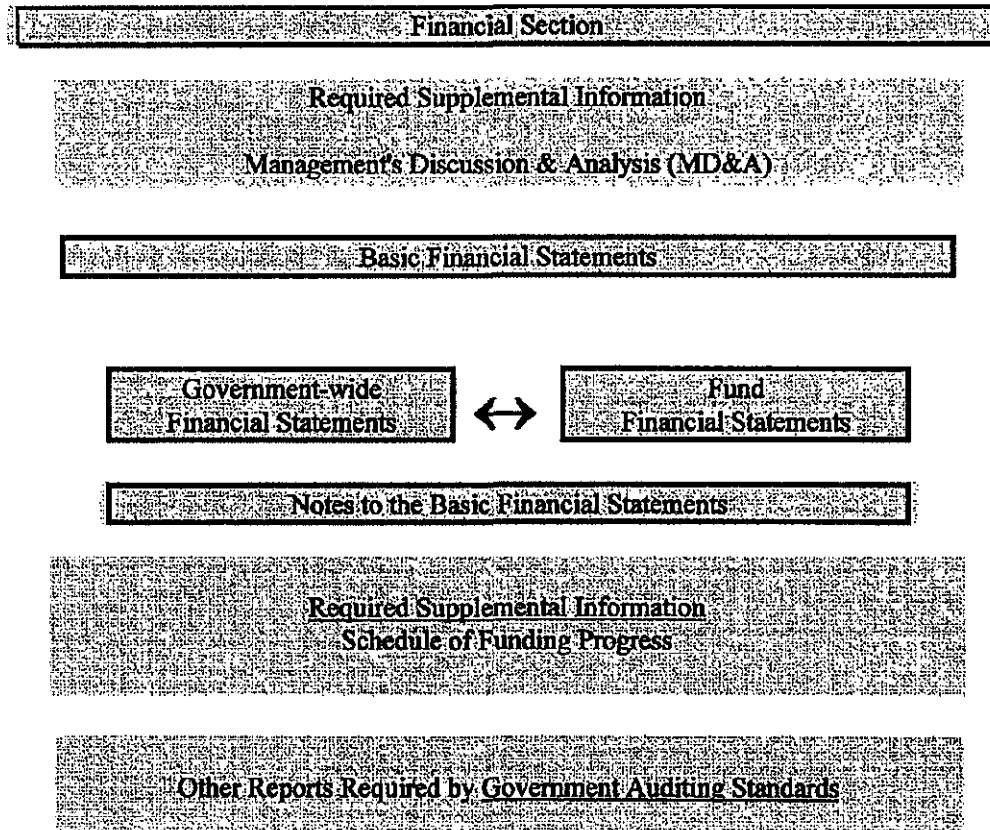
The Webster Parish Sales and Use Tax Commission's annual report consists of a series of financial statements that show information for the Webster Parish Sales and Use Tax Commission as a whole, and its funds. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Webster Parish Sales and Use Tax Commission as a whole and present a longer-term view of the Webster Parish Sales and Use Tax Commission's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Webster Parish Sales and Use Tax Commission's overall financial health. Fund financial statements also report the Webster Parish Sales and Use Tax Commission's operations in more detail than the governmental-wide financial statements by providing information about the Webster Parish Sales and Use Tax Commission's General Fund.

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**Webster Parish Sales and Use Tax Commission  
Management's Discussion and Analysis (MD&A)  
December 31, 2011**

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The following chart reflects the information included in this annual report.



Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information, the Supplemental Information, and Other Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

#### **Reporting the Webster Parish Sales and Use Tax Commission as a Whole**

##### **The Statement of Net Assets and the Statement of Activities**

Our analysis of the Webster Parish Sales and Use Tax Commission as a whole begins with the government-wide financial statements. One of the most important questions asked about the Webster Parish Sales and Tax Commission's finances is, "Is the Webster Parish Sales and Use Tax Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Webster Parish Sales and Use Tax Commission's financial statements, report information about the Webster

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**Webster Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2011**

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Parish Sales and Use Tax as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Webster Parish Sales and Use Tax Commission's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the Webster Parish Sales and Use Tax Commission's financial health, or financial position. Over time, increases or decreases in the Webster Parish Sales and Use Tax Commission's net assets as reported in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Webster Parish Sales and Use Tax Commission's operating results. However, the Webster Parish Sales and Use Tax Commission's goal is to increase sales tax collections and decrease operating expense.

In the Statement of Net Assets and the Statement of Activities, the Webster Parish Sales and Use Tax Commission's activities are shown as:

**Governmental Activities** - All of the Webster Parish Sales and Use Tax Commission's basic services are reported here, including salaries and contract labor, employee benefits, professional fees, operations and maintenance, repairs and upkeep, and administrative expenses. Sales tax collection fee revenue finances these activities.

**Reporting the Webster Parish Sales and Use Tax Commission's Most Significant Funds**

**Fund Financial Statements**

The Webster Parish Sales and Use Tax Commission report all of its activity in one governmental fund which uses the following approach:

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Webster Parish Sales and Use Tax Commission's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Webster Parish Sales and Use Tax Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliations (Statements D and F).



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**Webster Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2011**

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**THE WEBSTER PARISH SALES AND USE TAX COMMISSION AS A WHOLE**

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Commission's governmental activities.

**Table 1**  
**Net Assets**  
**December 31,**

	2011	2010	Variance
Current and other assets	\$ 535,452	\$ 494,415	\$ 41,037
Capital assets, net of depreciation	10,831	13,941	(3,110)
Total assets	<u>546,283</u>	<u>508,356</u>	<u>37,927</u>
Current liabilities	32,301	32,351	(50)
Long-term liabilities	35,710	33,946	1,764
Total liabilities	<u>68,011</u>	<u>66,297</u>	<u>1,714</u>
Net assets			
Invested in capital assets, net of related debt	10,831	13,941	(3,110)
Unrestricted	467,441	428,118	39,323
Total net assets	<u>\$ 478,272</u>	<u>\$ 442,059</u>	<u>\$ 36,213</u>

Net assets of the Webster Parish Sales and Use Tax Commission governmental activities for December 31, 2011 were \$478,272. Unrestricted net assets that are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$467,441.

**Webster Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2011**

**Table 2**  
**Changes in Net Assets**  
**For the Years Ended December 31,**

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Expenses:</b>			
Program expenses			
Office expense	\$ 60,104	\$ 65,065	\$ (4,961)
Personnel services	282,878	271,133	11,745
Insurance expense	996	2,580	(1,584)
Legal and audit expense	12,648	15,907	(3,259)
Travel expense	6,169	6,539	(370)
Utilities	5,168	5,069	99
Maintenance and repairs	2,587	3,879	(1,292)
Other expense	2,866	3,182	(316)
Depreciation	4,369	4,470	(101)
Total program expenses	<u>377,785</u>	<u>377,824</u>	<u>(39)</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	412,568	434,893	(22,325)
General revenues			
Interest earned	1,308	1,224	84
Other revenue	122	60	62
Total revenues	<u>413,998</u>	<u>436,177</u>	<u>(22,179)</u>
Increases (decrease) in net assets	36,213	58,353	(22,140)
Net assets, beginning	442,059	383,706	58,353
Net assets, ending	<u>\$ 478,272</u>	<u>\$ 442,059</u>	<u>\$ 36,213</u>

***Governmental Activities***

The cost of all governmental activities this year was \$377,785.

**THE WEBSTER PARISH SALES AND USE TAX COMMISSION'S FUNDS**

As the Webster Parish Sales and Use Tax Commission completed the year, its governmental funds reported a fund balance of \$503,151; this is an increase of \$41,087 from the fund balance of \$462,064 in 2010.

The Webster Parish Sales and Use Tax Commission total revenue received for the year ended December 31, 2011 was \$413,998, this is a decrease of \$22,179 from the total revenue received of \$436,177 in 2010. This was mainly due to a decrease in sales tax collections.

The Webster Parish Sales and Use Tax Commission total expenses for the year ended December 31, 2011 were \$372,911; this is a decrease of \$1,805 from the expenses of \$374,716 in 2010.

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**Webster Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2011**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgeted revenues exceeded actual revenues by \$14,953. This unfavorable variance was due to fees being less than expected because collections were less than expected. Budgeted expenditures exceeded actual expenditures by \$56,040. This favorable variance was due to a decrease in salary, attorney fees, travel/education, and personnel services.

The Webster Parish Sales and Use Tax Commission had no significant revisions between the original budget and amended budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets* At December 31, 2011, the Webster Parish Sales and Use Tax Commission had \$10,831 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$3,110, or 22%, from last year.

**Capital Assets at Year-end**

	2011	2010	Variance
Equipment	\$ 98,538	\$ 97,279	\$ 1,259
Furniture and fixtures	17,605	17,605	-
Total	116,143	114,884	1,259
Less Accumulated Depreciation	105,312	100,943	4,369
Net Capital Assets	<u>\$ 10,831</u>	<u>\$ 13,941</u>	<u>\$ (3,110)</u>

**DEBT** The Commission has been able to operate without obtaining debt. However due to GASB 45 implementation the Commission does have long-term debt. See Note 9 and Note 10 for further information.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS** Our elected and appointed officials and citizens consider many factors when setting the Webster Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. 100% of total revenues are collection fees charged to collect tax. We have budgeted little change in revenue and expenditures for the year ending December 31, 2012.

**CONTACTING THE SALES AND USE TAX COMMISSION'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Sales and Use Tax Commission's finances and to show the Sales and Use Tax Commission's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Cyndy Herrington, Administrator, P. O. Box 357, Minden, LA 71058-0357 or at (318) 377-8948.

**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**STATEMENT OF NET ASSETS**

**December 31, 2011**

**Statement A**

**ASSETS**

Cash and cash equivalents	\$ 270,890
Investments	259,844
Prepaid items	4,918
Capital assets, net of accumulated depreciation	
Land, building and equipment	<u>10,831</u>

<b>TOTAL ASSETS</b>	<b><u>546,283</u></b>
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**LIABILITIES**

Accounts payable	1,810
Deferred revenue	30,491
Long term liabilities:	
Due within one year	20,446
Due in more than one year	<u>15,264</u>

<b>TOTAL LIABILITIES</b>	<b><u>68,011</u></b>
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**NET ASSETS**

Invested in capital assets, net of related debt	10,831
Unrestricted	<u>467,441</u>

<b>TOTAL NET ASSETS</b>	<b><u>\$ 478,272</u></b>
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**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.**

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2011**

**Statement B**

**EXPENSES**

Office expense	\$ 60,104
Personnel services	282,878
Insurance expense	998
Legal and audit expense	12,648
Travel expense	6,169
Utilities	5,188
Maintenance and repairs	2,587
Other expense	2,868
Depreciation	4,389

<b>TOTAL PROGRAM EXPENSES</b>	<b>377,785</b>
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**PROGRAM REVENUES**

Charges for services	412,568
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<b>NET PROGRAM EXPENSE</b>	<b>34,783</b>
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**GENERAL REVENUES**

Interest earned	1,308
Other revenue	122

<b>TOTAL GENERAL REVENUES</b>	<b>1,430</b>
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<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>36,213</b>
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<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>442,059</b>
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<b>NET ASSETS - END OF YEAR</b>	<b>\$ 478,272</b>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Webster Parish Sales and Use Tax Commission**

**FUND FINANCIAL STATEMENTS**

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2011**

	Statement C
<b>ASSETS</b>	
Cash	\$ 270,890
Investments	259,644
Prepaid items	<u>4,918</u>
<b>TOTAL ASSETS</b>	<u><u>535,452</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable	1,810
Deferred revenue	<u>30,491</u>
<b>TOTAL LIABILITIES</b>	<u>32,301</u>
<b>Fund balances:</b>	
Nonspendable - prepaid items	4,918
Unassigned	<u>498,233</u>
<b>TOTAL FUND BALANCE</b>	<u>503,151</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 535,452</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
December 31, 2011**

**Statement D**

Total fund balances - governmental funds \$ 503,151

The cost of capital assets (land, buildings, furniture and equipment and infrastructure ) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the Commission as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	116,143	
Depreciation expense to date	<u>(105,312)</u>	
		10,831

Long-term liabilities applicable to the Sales and Use Tax Commission are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at December 31, 2011 are:

Compensated absences payable	(20,446)
OPEB liability	<u>(15,284)</u>
Net Assets	<u>\$ 478,272</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended December 31, 2011**

**Statement E**

**REVENUES**

Local sources:

Collection fees	\$ 412,568
Interest earned	1,308
Other revenue	<u>122</u>

<b>TOTAL REVENUES</b>	<u>413,998</u>
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**EXPENDITURES**

Current:

Office expense	60,104
Personnel services	281,114
Insurance expense	998
Legal and audit expense	12,648
Travel expense	6,169
Utilities	5,168
Maintenance and repairs	2,587
Other Expense	2,866
Capital outlay	<u>1,259</u>

<b>TOTAL EXPENDITURES</b>	<u>372,911</u>
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<b>Net Change in Fund Balances</b>	41,087
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<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>462,064</u>
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<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 503,151</u>
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**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.**

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended December 31, 2011**

**Statement F**

Total net change in fund balances - governmental funds \$ 41,087

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$	1,259	
Depreciation		<u>(4,369)</u>	
			(3,110)

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned \$26,175 was less than the amounts used (\$31,295) by \$5,120.

5,120

The Statement of Activities reflects the effects of other post-employment benefits, which is based on alternative measurement determination that is increased over an amortized period and decreased for amounts actually paid during the year. The governmental funds reflect only the payments made as current year expenditures. This year, the change in OPEB liability was:

(6,884)

Change in net assets of governmental activities.

\$ 36,213

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**GENERAL FUND  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2011**

Statement G				
				VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETED AMOUNTS		ACTUAL		
ORIGINAL	FINAL	AMOUNTS		
Resources (inflows)				
Local sources:				
Collection fees	\$ 428,951	\$ 428,951	\$ 412,568	\$ (16,383)
Interest earned	0	0	1,308	1,308
Other revenue	0	0	122	122
Amounts available for appropriations		428,951	428,951	413,998 (14,953)
Charges to appropriations (outflows)				
General government:				
Office expense	78,321	78,321	60,104	18,217
Personnel services	295,070	297,878	281,114	16,764
Insurance expense	4,020	4,020	996	3,024
Legal and audit expense	17,220	17,220	12,648	4,572
Travel expense	8,520	8,520	6,169	2,351
Utilities	6,060	6,060	5,168	892
Maintenance and repairs	7,710	7,800	2,587	5,213
Other Expense	2,910	2,910	2,866	44
Capital outlay	9,120	6,222	1,259	4,863
Total charges to appropriations		428,951	428,951	372,911 56,040
BUDGETARY FUND BALANCE, BEGINNING		0	0	462,064 462,064
BUDGETARY FUND BALANCE, ENDING		\$ 0	\$ 0	\$ 503,151 \$ 503,151

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**WEBSTER PARISH SALES AND USE TAX COMMISSION**

**FIDUCIARY FUND  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
December 31, 2011**

**Statement H**

**AGENCY  
FUND**

**ASSETS**

Cash - Occupational License

\$ 11,310

Sales tax receivable

3,022,804

Total assets

3,034,114

**LIABILITIES**

Deposits due others - sales tax

3,022,804

Deposits due others - occupational license

11,310

Total liabilities

\$ 3,034,114

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

<u>INDEX</u>	<u>Page</u>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	21
A. REPORTING ENTITY .....	21
B. FUNDS .....	21
Governmental Funds .....	21
Fiduciary Funds .....	21
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING .....	22
Government-Wide Financial Statements (GWFS) .....	22
Fund Financial Statements (FFS) .....	22
Governmental Funds .....	22
Fiduciary Funds .....	23
D. BUDGETS .....	23
General Budget Policies .....	23
Encumbrances .....	23
Budget Basis of Accounting .....	24
E. DEPOSITS AND INVESTMENTS .....	24
F. CAPITAL ASSETS .....	25
G. COMPENSATED ABSENCES .....	25
H. USE OF ESTIMATES .....	26
I. PREPAIDS .....	26
J. FUND BALANCE OF FUND FINANCIAL STATEMENTS .....	26
NOTE 2 - DEPOSITS AND INVESTMENTS .....	27
NOTE 3 - CAPITAL ASSETS .....	28
NOTE 4 - RETIREMENT SYSTEMS .....	28
NOTE 5 - ACCOUNTS, SALARIES AND OTHER PAYABLES .....	30
NOTE 6 - COMPENSATED ABSENCES .....	30
NOTE 7 - AGENCY FUND DEPOSITS DUE OTHERS .....	30
NOTE 8 - ACCOUNTS RECEIVABLE .....	31
NOTE 9 - OTHER POST EMPLOYMENT BENEFITS .....	31
NOTE 10 - LONG-TERM OBLIGATIONS .....	33
NOTE 11 - RISK MANAGEMENT .....	33
NOTE 12 - LITIGATION AND CLAIMS .....	34
NOTE 13 - OPERATING LEASE .....	34
NOTE 14 - LIENS OVER SALES TAX REMITTERS .....	34
NOTE 15 - SALES TAX AND OCCUPATIONAL TAX COLLECTIONS AND DISBURSEMENTS .....	35

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Webster Parish Sales and Use Tax Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** The Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board, and the Webster Parish Police Jury, in accordance with Louisiana Revised Statutes 33:2844, to provide centralized sales tax collection within Webster Parish. The Commission is comprised of nine members, one appointed by each taxing body. Each Commissioner will have one vote with the exception of those who represent taxing bodies having revenues in excess of one million dollars, which will have two votes. Commissioners serve without compensation.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Commission is considered a *primary government*, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget and set its own rates or charges. The Commission also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the appointed Commission members are financially accountable. There are no other primary governments with which the Commission has a significant relationship.

**B. FUNDS** The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds of the Commission are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund and a description of each existing fund type follow:

**Governmental Funds** Governmental funds are used to account for the Commission's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of capital assets, and the servicing of long-term debt. Governmental funds include:

**General fund** - the primary operating fund of the Commission. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

**Fiduciary Funds** Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Commission.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

*Agency Funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

**Sales tax collection agency fund** - accounts for sales tax monies collected on behalf of other taxing authorities within the parish.

**Occupational tax collection agency fund** - accounts for occupational tax monies collected on behalf of other taxing authorities within the parish.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." Fiduciary funds are not included in the government-wide financial statements.

**Program revenues** Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

**Allocation of indirect expenses** The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted as needed.

**Fund Financial Statements (FFS)**

**Governmental Funds** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.



**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Fees for the collection of sales and use taxes are recorded when the commission is entitled to the funds which are when the taxes are collected.

Fees for the collection of occupational taxes are recorded when the commission is entitled to the funds which are when the taxes are collected.

Interest income is recorded monthly as interest is earned.

Other receipts become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

**Expenditures**

Salaries are recorded as earned.

**Other Financing Sources (Uses)** Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**Fiduciary Funds** The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

**D. BUDGETS**

**General Budget Policies** The Commission follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires that a budget be adopted for the general fund.

No later than fifteen days prior to the beginning of each fiscal year, the Administrator submits to the Commission the proposed annual budget for the general fund to be approved. The operating budget includes proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and the final budget.

**Encumbrances** Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**Budget Basis of Accounting** The general fund budget is prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Commission. Legally, the Commission must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The Commission approves budgets at the function level and management can transfer amounts between line items within a function.

**E. DEPOSITS AND INVESTMENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments are limited by LSA-R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure as per GASB Statement No. 31.

The Commission participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- **Credit risk:** LAMP is rated AAAM by Standard & Poor's.
- **Custodial credit risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- **Concentration of credit risk:** Pooled investments are excluded from the 5 percent disclosure requirement.

**Webster Parish Sales and Use Tax Commission  
Notes to the Financial Statements  
December 31, 2011**

- **Interest rate risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosures using weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 54 days as of December 31, 2011.
- **Foreign currency risk:** Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130 or contact by phone at 800-249-5267.

**F. CAPITAL ASSETS** Capital assets are recorded at cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. Donated fixed assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets consist of equipment and furniture and fixtures which are depreciated over 2 to 10 years. The Commission uses a capitalization threshold of \$1,000. Straight line depreciation is used.

The Commission has implemented GASB 51, Accounting and Financial Reporting for Intangible Assets, prospectively for fiscal year ended December 31, 2011.

**G. COMPENSATED ABSENCES** All 12-month employees earn from 10 to 25 days of vacation leave each year. All employees are required to take one week of vacation consecutively each year.

**Carrying Annual Vacation Leave Forward:**

- a. Earned annual leave not taken by an employee may be accumulated up to 30 days and carried forward into the next calendar year. Employees may not take more than 30 days at one given time except with approval by the Commission.
- b. Upon separation from service, payment for the accrued annual vacation leave up to the days of separation shall be paid. The rate of pay shall be computed on the basis of the rate the employee is receiving at the time of separation.
- c. Upon death, annual vacation leave accrued to employees' credit shall be computed and the value thereof shall be paid to his or hers heirs, except that such payment for accrued leave shall not exceed thirty (30) days. The rate of pay shall be computed on the basis of the rate the employee was receiving at the time of his or her death.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

All 12-month employees earn 12 days of sick leave each year. Sick leave can be accumulated without limitations.

Upon retirement or death, unused accumulated sick leave, not to exceed twenty-five (25) days, is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Municipal Employees Retirement System of Louisiana, all unpaid sick leave is used in the retirement benefit computation as earned service.

The Commission's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as liability as the benefits are earned by the employees if both of the following conditions are met:

- A. The employees' right to receive compensation is attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Only the current portion of the liability for compensated absences is reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources.

**H. USE OF ESTIMATES** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. PREPAIDS** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**J. FUND BALANCE OF FUND FINANCIAL STATEMENTS**

The Sales Tax Commission adopted GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

**Non-spendable:** Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**Restricted:** Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Committed:** Fund balance that can only be used for specific purposes determined by the Commission's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the Commission or motions were passed at a Board meeting committing the funds. The motions passed are usually the result of budget revisions.

**Assigned:** Fund balance that is constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Commission.

**Unassigned:** Fund balance that is the residual classification for the general fund.

The Commission reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**NOTE 2 - DEPOSITS AND INVESTMENTS** At December 31, 2011, the Commission had the following investments:

<u>Investment type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Concentration of Credit Risk</u>
Louisiana Asset Management Pool (LAMP)	Less than 1 year	<u>\$259,644</u>	<u>100%</u>

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end, the Commission's carrying amount of deposits was \$282,200 and the bank balance was \$301,581.

These deposits are reported as follows: Statement A-cash and cash equivalents, \$270,890; Statement H-cash and cash equivalents, \$11,310. Of the bank balance, \$250,000 was collateralized with FDIC Insurance. The remaining balance of \$51,581 was collateralized by pledged securities. Even though the pledged securities are considered uncollateralized Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

**Interest rate risk:** The Commission's policy does not address interest rate risk.

**Custodial credit risk:** The Commission's policy does not address custodial credit risk.

**Credit risk:** The Commission's investment in LAMP was rated AAAM by Standard & Poor's. The Commission's policy does not address credit rate risk.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 3 - CAPITAL ASSETS** The changes in capital assets follow:

Governmental activities:

	Balance Beginning	Additions	Deletions	Balance Ending
Equipment	\$ 97,279	\$ 1,259	\$ -	\$ 98,538
Furniture and fixtures	17,605	-	-	17,605
Total	114,884	1,259	-	116,143
Less accumulated depreciation:				
Total	100,943	4,369	-	105,312
Capital assets, net	\$ 13,941	\$ (3,110)	\$ -	\$ 10,831

**NOTE 4 - RETIREMENT SYSTEMS** Substantially all Commission employees participate in the Teachers' Retirement System or the Municipal Employees Retirement System of Louisiana, which are a cost-sharing, multiple-employer public employee retirement systems (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Pertinent information relative to each plan is as follows:

**Teachers' Retirement System**

**Plan description** Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A which is a cost sharing multiple employer defined benefit pension plan. All Commission employees participate in the Teachers' Regular Plan. Generally, all full-time employees are eligible to participate in the system.

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with ten years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

TRS issues an annual financial report. The report can be obtained by telephoning or writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, (225) 925-6446.

**Funding Policy** Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The Commission's employer contribution for the TRS, as provided by state law, is funded by the state of Louisiana through annual appropriations and by remittances from the Commission.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended December 31, 2011, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System, Regular	8.00%	22.0%

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

Total covered payroll of the Commission for TRS - Regular Plan for the year ended December 31, 2011, amounted to \$143,443. Employer contributions for the past three years are as follows:

<u>Fiscal Years Ended</u>	
December 31, 2011	\$31,486
December 31, 2010	22,935
December 31, 2009	20,089

The Commission made 100% of the annual actuarially required contributions.

**Municipal Employees Retirement System of Louisiana**

**Plan Description** The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Commission is eligible to participate in Plan A. The plan is a cost sharing multiple employer defined benefit pension plan.

With respect to Plan A, employees who retire at or after age 60 with at least ten years of service, at or after age 55 with at least 25 years of service, or at any age with at least 30 years of service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above, and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual financial report. The report can be obtained by telephoning or writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809, (225) 925-4810.

**Funding Policy** Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The Commission has only one employee under the Municipal Employees Retirement System and she has entered the Deferred Retirement Option Plan (DROP). Under the DROP the employee does not contribute to the plan but the employer continues its contribution. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended December 31, 2011, are as follows:

	<u>Employee</u>	<u>Employer</u>
Municipal Employees Retirement System of Louisiana, Plan A	<u>9.25%</u>	<u>15.40%</u>

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

Total covered payroll of the Commission for MERS - Plan A for the year ended December 31, 2011, amounted to \$44,114. Employer contribution for the past three years follows:

<u>Fiscal Years Ended</u>	
December 31, 2011	\$6,788
December 31, 2010	6,418
December 31, 2009	5,884

The Commission made 100% of the annual actuarially required contributions.

**NOTE 5 - ACCOUNTS, SALARIES AND OTHER PAYABLES** The payables at December 31, 2011, are as follows:

	<u>General</u>
Accounts payable vendors	<u>\$1,810</u>

**NOTE 6 - COMPENSATED ABSENCES** At December 31, 2011, employees of the Commission have accumulated and vested \$20,446 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

**NOTE 7 - AGENCY FUND DEPOSITS DUE OTHERS** A summary of changes in agency fund deposits due others follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Sales tax collection	\$3,006,260	\$29,323,836	\$29,307,292	\$3,022,804
Occupational tax collection	-	217,497	206,187	11,310
Total	<u>\$3,006,260</u>	<u>\$29,541,333</u>	<u>\$29,513,479</u>	<u>\$3,034,114</u>



**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

The following is a detail of changes in agency fund deposits due others for the collections and payments made to local governmental entities for sales tax collections during the year ended December 31, 2011:

BALANCE, Beginning	\$ 3,006,260
<u>Receipts:</u>	
Sales Tax Collections	29,323,836
<u>Disbursements:</u>	
Webster Parish School Board	13,791,198
Webster Parish Police Jury	3,047,475
Webster Parish Sheriff's Office	3,046,326
City of Minden	5,512,673
City of Springhill	2,328,006
Town of Cotton Valley	58,299
Town of Cullen	86,335
Town of Sibley	350,457
Town of Sarepta	66,485
Village of Dixie Inn	303,381
Vistor's & Conventrion Bureau	171,316
Sales Tax Collection Fee	409,699
Fee for Audit of Sales Tax Vendors	92,580
Refunds	43,062
Total Disbursements	<u>29,307,292</u>
BALANCE, Ending	<u>\$ 3,022,804</u>

The following is a detail of changes in agency fund deposits for the collections and payments made to local governmental entities for occupational tax collections during the year ended December 31, 2011:

Balance, Ending	\$ -
<u>Receipts:</u>	
Occupational Tax Collections	217,497
<u>Disbursements:</u>	
Webster Parish Police Jury	202,084
Collection Fee	2,869
Refunds	1,234
Total Disbursements	<u>206,187</u>
Balance, Ending	<u>\$ 11,310</u>

**NOTE 8 - ACCOUNTS RECEIVABLE** Accounts receivable of \$3,022,804 is reported in the fiduciary fund. This is sales tax collections on December 2011 sales that are actually collected in January 2012. No allowance for doubtful accounts was established as the full amount will be collected.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)** Effective with the fiscal year ended December 31, 2009, the Webster Parish Sales and Use Tax Commission implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45). The Commission elected to implement GASB 45 prospectively.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**Plan description** - The Commission's OPEB plan is a single-employer defined benefit "substantive plan" as understood by past practices of the Commission and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. The plan provides lifetime healthcare insurance for eligible retirees through the Commission's group health insurance plan. Also, no stand-alone financial report was prepared. Substantially all of the Commission's employees become eligible for these benefits if they reach normal retirement age while working for the Commission, and if the employee chooses to obtain health care benefits from the Commission.

**Funding Policy** - The insurance for retired individuals is provided through the Commission's group plan, which covers both active and retired members. Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. Contribution amounts are approximately 25% retiree/75% employer of the stated costs of healthcare coverage.

The plan is currently financed on a "pay as you go basis", with the Commission contributing \$4,946 for 1 retiree for the year ended December 31, 2011.

**Annual Other Post Employment Benefit Cost and Liability** - The Commission's annual other post employment benefit (OPEB) cost (expense) is calculated on the annual required contributions of the employer (ARC). The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over the average remaining life expectancy of the plan's participants. A 17 year amortization period was used for post employment benefits. The total ARC for fiscal year 2011 is \$11,621 as set forth below:

Normal Cost	\$ 2,760
30-year UAL amortization amount	8,861
Annual required contribution (ARC)	<u>\$ 11,621</u>

The following table presents the Commission's OPEB Obligation for fiscal year 2009, 2010 and 2011:

	2011	2010	2009
Beginning Net OPEB Obligation January 1	\$ 8,380	\$ 3,610	None
Annual required contribution	11,621	7,584	\$ 7,584
Interest on prior year Net OPEB Obligation	209	-	-
Adjustment to ARC	-	-	-
Annual OPEB Cost	<u>\$ 11,830</u>	<u>\$ 7,584</u>	<u>\$ 7,584</u>
Less current year retiree premiums	<u>4,946</u>	<u>2,814</u>	<u>3,974</u>
Increase in Net OPEB Obligation	<u>6,884</u>	<u>4,770</u>	<u>3,610</u>
Ending Net OPEB Obligation at December 30	<u>\$ 15,264</u>	<u>\$ 8,380</u>	<u>\$ 3,610</u>

Utilizing the pay as you go method, the Commission contributed 42% of the annual post employment benefits cost during 2011, 37% during 2010 and 52% during 2009, respectively.

**Funded Status and Funding Progress** - Since the plan is not funded, the Commission's entire actuarial accrued liability of \$121,498 was unfunded.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

The funded status of the plan, as determined by using the alternative measurement method as of December 31, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 121,498
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 121,498</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	44,114
UAAL as a percentage of covered payroll	275%

**Alternative Measurement Method and Assumptions** - The projection of future benefits payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The alternative measure assumptions included a 2.5% rate of return on investments. The expected rate on increase in healthcare costs was based on Pre-Medicare and Medicare eligible graduated down from 8% to an ultimate annual rate of 4.7%. Life expectancy assumptions were based on mortality tables at the U.S. Census Bureau website ([www.census.gov](http://www.census.gov)). The *Expectation of Life at Birth, 1960 to 2008 and Projections, 2010 to 2020 by Age, Sex and Race Table* was used. The plan only covers employees, therefore marital status was not considered in the calculation. The 2011 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. A discount rate of 2.5% was used. At December 31, 2011, all plan participants were retired; therefore there was no assumption for turnover and all participants were eligible to receive benefits.

The unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at December 31, 2011 for other post employment benefits (OPEB) is 17 years.

**NOTE 10 - LONG-TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended December 31, 2011:

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Governmental activities:					
Compensated Absences	\$ 25,566	\$ 26,175	\$ 31,295	\$ 20,446	\$ 20,446
OPEB Liability	8,380	11,830	4,946	15,264	-
Total	<u>\$ 33,946</u>	<u>\$ 38,005</u>	<u>\$ 36,241</u>	<u>\$ 35,710</u>	<u>\$ 20,446</u>

**NOTE 11 - RISK MANAGEMENT** The Commission is fully insured for workers' compensation after considering the deductible of \$100,000 per accident. The Commission is also at risk for property damage, liability, and theft which are covered by insurance policies.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 12 - LITIGATION AND CLAIMS**

**Litigation** At December 31, 2011, the Commission is involved in litigation concerning protested taxes. Deferred revenue of \$30,491 is reported for the amount under protest.

**NOTE 13 - OPERATING LEASE** In April 2009, the Commission signed a new agreement for the lease of an office building for \$2,160 per month. The lease expires in March 31, 2014. Rental expense for the fiscal year ended December 31, 2011 was \$24,303. The difference between the rental agreement and rental expense is due to tax and insurance adjustments reconciled. The future minimum rental payments are as follows:

12/31/2012	\$ 25,920
12/31/2013	25,920
12/31/2014	6,480
	<u>\$ 58,320</u>

**NOTE 14 - LIENS OVER SALES TAX REMITTERS** The Commission has outstanding liens against sales tax remitters who have not submitted sales tax reports to the Commission. The Commission cannot determine the exact amounts owed by the sales tax remitters, since no sales tax returns were submitted and processed into the Commission's accounting records. The lien amounts recorded at the Clerk of Court's Office are based on estimates determined by the frequency of sales tax returns submitted and the tax liability owed by the remitter in past sales tax returns. Therefore, no amounts are recorded on the Commission's agency fund, since the collection of the estimates is not probable.

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 15 - SALES TAX AND OCCUPATIONAL TAX COLLECTIONS AND DISBURSEMENTS** The following are schedules of the sales tax and occupational tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2011:

	<b>SALES TAX</b>				
	<u>Total Collections</u>	<u>Collection Fees</u>	<u>Audit Fees</u>	<u>Refunds</u>	<u>Total Distribution</u>
<b>Webster Parish School Board (2.5%)</b>					
School Board 1969 (1.0%)	\$ 6,206,636	\$ 86,893	\$ 26,237	\$ 7,223	\$ 6,086,283
School Board 1996 (1.0%)	6,206,636	86,893	26,237	7,223	6,086,283
School District 6 (0.5%)	1,628,698	22,802	1,711	7,799	1,596,386
	<u>14,041,970</u>	<u>196,588</u>	<u>54,185</u>	<u>22,245</u>	<u>13,768,953</u>
<b>Webster Parish Police Jury (0.5%)</b>	3,104,558	43,464	13,619	4,846	3,042,629
<b>Town of Sibley (2.5%)</b>					
Town of Sibley 1980 (1.0%)	145,053	2,031	2,839	2,134	138,049
Town of Sibley 1988 (1.0%)	145,053	2,031	2,839	2,133	138,050
Town of Sibley 2011 (0.5%)	72,526	1,015	1,420	1,067	69,024
	<u>362,631</u>	<u>5,077</u>	<u>7,098</u>	<u>5,334</u>	<u>345,123</u>
<b>Town of Cotton Valley (1%)</b>	59,146	828	18	443	57,857
<b>City of Minden (2%)</b>					
City of Minden 1967 (1.0%)	2,798,669	39,181	3,151	1,602	2,754,735
City of Minden 1984 (1.0%)	2,798,669	39,181	3,151	1,602	2,754,735
	<u>5,597,339</u>	<u>78,363</u>	<u>6,303</u>	<u>3,204</u>	<u>5,509,469</u>
<b>City of Springhill (2.5%)</b>					
City of Springhill 1968 (1.0%)	943,513	13,209	(899)	1,176	930,026
City of Springhill 1988 (0.5%)	471,756	6,605	(449)	589	465,012
City of Springhill 1992 (1.0%)	943,513	13,209	(899)	1,176	930,026
	<u>2,358,782</u>	<u>33,023</u>	<u>(2,247)</u>	<u>2,941</u>	<u>2,325,065</u>
<b>Town of Cullen (2.5%)</b>					
Town of Cullen 1970 (1.0%)	35,033	490	9	-	34,534
Town of Cullen 1988 (0.5%)	17,517	245	4	-	17,267
Town of Cullen 1995 (0.5%)	35,033	490	9	-	34,534
	<u>87,584</u>	<u>1,226</u>	<u>22</u>	<u>-</u>	<u>86,336</u>
<b>Town of Sarepta (1%)</b>	67,393	943	(35)	8	66,477
<b>Village of Dixie Inn</b>					
Village of Dixie Inn 1981 (1%)	153,844	2,154	-	192	151,498
Village of Dixie Inn 1994 (1%)	153,844	2,154	-	192	151,499
	<u>307,689</u>	<u>4,308</u>	<u>-</u>	<u>384</u>	<u>302,997</u>
<b>Vistor's &amp; Conventrion Bureau (4%)</b>	173,749	2,432	-	-	171,316
<b>Webster Parish Sheriff's Office (0.5%)</b>	<u>3,103,392</u>	<u>43,448</u>	<u>13,619</u>	<u>3,611</u>	<u>3,042,715</u>
<b>Total</b>	<u>\$ 29,264,231</u>	<u>\$ 409,699</u>	<u>\$ 92,580</u>	<u>\$ 43,016</u>	<u>\$28,718,936</u>

**Webster Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**December 31, 2011**

	<b>OCCUPATIONAL TAX</b>				
	<b>Total Collections</b>	<b>Collection Fees</b>	<b>Audit Fees</b>	<b>Refunds</b>	<b>Total Distribution</b>
<b>Webster Parish Police Jury</b>	<u><u>\$ 217,497</u></u>	<u><u>\$ 2,869</u></u>	<u><u>\$ 1,234</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 213,394</u></u>

**REQUIRED SUPPLEMENTAL  
INFORMATION**

**Schedule of Funding Progress**

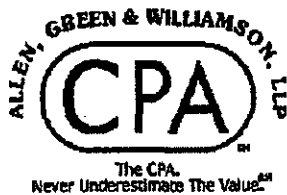
**Webster Parish Sales and Use Tax Commission**

**Schedule of Funding Progress for Other Post Employment Benefits  
December 31, 2011**

Fiscal Year End	Valuation Date*	(1) Actuarial Value of Assets		(2) Actuarial Liability (AAL) Entry-Age Normal		(3) Funded Ratio (1) / (2)		(4) Unfunded Actuarial Liability (UAAL) (2) - (1)		(5) Covered Payroll		UAAL as a Percentage of Covered Payroll (4) / (5)
Dec. 31, 2009	May 24, 2010	\$ -		\$ 113,753		\$ -		\$ 113,753		\$ 93,309		122%
Dec. 31, 2010	May 24, 2010	-		113,753		-		113,753		99,021		115%
Dec. 31, 2011	December 31, 2011	-		121,498		-		121,498		44,114		275%

\* The Commission uses the alternative method; therefore the date of valuation is used.





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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members  
Webster Parish Sales and Use Tax Commission  
Minden, Louisiana

We have audited the financial statements of the governmental activities and the major fund of the Webster Parish Sales and Use Tax Commission, as of December 31, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the Webster Parish Sales and Use Tax Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control as item 11-F1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Commission in a separate letter dated June 7, 2012.

The Commission's responses to the findings identified in our audit are described in the accompanying corrective action plan for current year findings and questioned costs. We did not audit the Commission's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

June 7, 2012

**Webster Parish Sales and Use Tax Commission  
Schedule of Findings and Questioned Costs  
December 31, 2011**

**Reference # and title:**            **11-F1**            **Internal Controls over Outstanding Sales Tax Collections**

**Entity-wide or program/department specific:** This finding relates to the Agency Fund.

**Criteria or specific requirement:** Proper internal controls require that procedures are established and monitored to ensure delinquent sales tax remitters are being informed by the Commission that reports are due and arrangements are made to collect any sales tax owed from delinquent businesses. In addition, either memos issued by agency personnel or computer generated, resulting from over or under payment of prior sales tax reports, should be printed and reviewed on a monthly basis. Businesses should be informed on a regular basis of the outstanding monies owed to the commission or credit that the business needs to take on their next payment.

**Condition found:** When testing the delinquency report, two delinquency reports were selected for testing. The Commission was unable to locate the October 2011 report, which was selected for testing; therefore, the auditor was unable to fully test the controls over delinquency accounts.

When testing the debit and credit memos report, it was noted that the Commission does not print this report on a monthly basis; therefore, the auditor was unable to adequately test the deletion of debit memos.

**Possible asserted effect (cause and effect):**

**Cause:** This cause is unknown.

**Effect:** Internal controls over collection of delinquent sales tax remitters and debit/credit memos could be weakened.

**Recommendations to prevent future occurrences:** The Sales Tax Commission should establish procedures to print both the delinquency report and debit/credit memo report on a monthly basis. These reports should be notated as to any action taken and maintained for supporting documentation. Procedures should also be established to monitor these transactions and documentation maintained for those monitoring procedures.

**Webster Parish Sales and Use Tax Commission  
Summary Schedule of Prior Year Audit Findings  
December 31, 2011**

**Reference # and title:**            **10-F1**            **Internal Controls over Occupational Tax Collections**

**Origination date:** This finding originated in the fiscal year ended December 31, 2010.

**Entity-wide or program/department specific:** This finding relates to the Agency Fund.

**Condition:** While testing a sample of 10 cash receipts issued by the Commission during the audited year, it was noted that three of the receipts were for occupational taxes and one of the three receipts was not deposited timely. Upon looking for supporting documentation for the receipt by the Commission's personnel, it was noted that the cash was still with the supporting documentation for the receipt. In addition, another cash receipt was located from the same time period. Both receipts were not deposited until the supporting documentation was selected for testing by the auditors.

When performing additional test work on confirmations not received from randomly selected vendors, it was noted that two additional occupational tax vendors submitted monies, which were not deposited timely by the commission.

In performing a surprise cash count, it was noted that two checks for occupational taxes that were received from vendors in months prior, were still not deposited or returned to the vendor, if applicable.

**Corrective action taken:** The Commission has established controls and has cleared this finding for the current year.

**Reference # and title:**            **10-F2**            **Internal Controls over Outstanding Sales Tax Collections**

**Origination date:** This finding originated in the fiscal year ended December 31, 2009.

**Entity-wide or program/department specific:** This finding relates to the Agency Fund.

**Criteria or specific requirement:** Proper internal controls require that procedures are established and monitored to ensure delinquent sales tax remitters are being informed by the Commission that reports are due and arrangements are made to collect any sales tax owed from delinquent businesses. In addition, either memos issued by agency personnel or computer generated, resulting from over or under payment of prior sales tax reports, should be reviewed frequently. Businesses should be informed on a regular basis of the outstanding monies owed to the commission or credit that the business needs to take on their next payment.

While testing 25 businesses appearing on the delinquent report for December 2010, it was noted that the Commission could not provide documentation showing communication with 10 of the 25 businesses during the fiscal year, to receive the back sales tax reports that are required to be submitted.

Through discussion with management, it was noted that the outstanding memo listing had only been generated and reviewed once during the fiscal year.

**Corrective action planned:** See the corrective action plan for the current year finding 11-F1. This finding has not been cleared.

**Webster Parish Sales and Use Tax Commission  
Corrective Action Plan for Current Year Findings and Questioned Costs  
December 31, 2011**

**Reference # and title:**            **11-F1**            **Internal Controls over Outstanding Sales Tax Collections**

**Entity-wide or program/department specific:** This finding relates to the Agency Fund.

**Criteria or specific requirement:** Proper internal controls require that procedures are established and monitored to ensure delinquent sales tax remitters are being informed by the Commission that reports are due and arrangements are made to collect any sales tax owed from delinquent businesses. In addition, either memos issued by agency personnel or computer generated, resulting from over or under payment of prior sales tax reports, should be printed reviewed on a monthly basis. Businesses should be informed on a regular basis of the outstanding monies owed to the commission or credit that the business needs to take on their next payment.

When testing the delinquency report, two delinquency reports were selected for testing. The Commission was unable to locate the October 2011 report, which was selected for testing; therefore, the auditor was unable to fully test the controls over delinquency accounts.

When testing the debit and credit memos report, it was noted that the Commission does not print this report on a monthly basis; therefore, the auditor was unable to adequately test the deletion of debit memos.

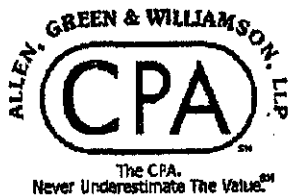
**Corrective action planned:** The Commission will print and review the outstanding memo listing on a monthly basis and inform businesses of the outstanding monies owed or credits due. The Commission will also keep every delinquency report that is printed.

**Contact person responsible for corrective action:**

Cyndy Herrington, Administrator  
Webster Parish Sales & Use Tax Commission  
P. O. Box 357  
Minden, LA 71058-0357

Phone: 318-377-8948  
Fax: 318-377-4089

**Anticipated completion date:** Immediately.



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### Management Letter

Board Members  
Webster Parish Sales and Use Tax Commission  
Minden, Louisiana

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements, we considered the Commission's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 7, 2012, on the financial statements of the Commission. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

#### 11-M1

#### Account Identification Numbers

**Comment:** It was noted during our confirmation process, that the Commission had duplicate account identification numbers assigned to two different sales tax remitters.

**Recommendation:** The Commission should establish controls to ensure account identification numbers are not duplicated as well as contact the software provider to setup a checks and balance system to ensure account identification numbers cannot be duplicated.

**Management Response:** The Commission will establish controls to ensure account identification numbers are not duplicated.

**11-M2**

**Review of Commission's Policies**

**Comment:** During the audit, it was noted that the Commission performs certain procedures without having formal, Board approved policies; such as policies regarding procurement, credit cards, minimum interest or penalty charges, an information systems policy, including backup contingency policy and a disaster and recovery plan.

**Recommendation:** The Commission should establish formal approved policies to strength internal controls. Additionally, the Commission should review existing policies to ensure no updates are necessary.

**Management Response:** The Commission will establish formal approved policies to strengthen internal controls as well as review existing policies to ensure no updates are necessary.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the governmental activities and the major fund of the Commission, as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Also included are management's responses to our current year management letter items. We have performed no audit work to verify the content of the responses.

This report is intended solely for the information and use of the Board, management, and others within the entity, and is not intended to be and should not be used by anyone other than theses specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

Allen, Green & Williamson, LLP

Monroe, Louisiana

June 7, 2012